

# MARYLAND HEALTH CARE COMMISSION

## Certificate of Need

TO: Michael A. Franklin, President/CEO  
Atlantic General Hospital Corporation  
9733 Healthway Drive  
Berlin, MD 21811

April 18, 2019  
Date

RE: Atlantic General Surgical Center  
Establish an Ambulatory Surgical Facility  
With Two Operating Rooms and Three Procedure Rooms

18-23-2431  
Docket No.

### PROJECT DESCRIPTION

This Certificate of Need authorizes Atlantic General Hospital Corporation to establish Atlantic General Surgical Center (“AGSC”), an ambulatory surgical facility (“ASF”) in a medical office building (“MOB”) located at 10952 Racetrack Road in Ocean Pines, Worcester County, Maryland. Atlantic General will lease the ASF space from the developer of the MOB, Sina Companies, LLC, and is approved for a capital expenditure of \$2,850,444 to purchase furniture and equipment for the ASF. Upon completion, the facility will have two operating rooms in a sterile corridor and three procedure rooms. The total approved project cost is \$2,850,444, which the applicant will fund with cash reserves.

### ORDER

The Maryland Health Care Commission reviewed the Staff Report and Recommendation and, based on that analysis and the record of the review, ordered on April 18, 2019, that a Certificate of Need be issued for the project.

### **PERFORMANCE REQUIREMENTS**

In accordance with COMAR 10.24.01.12C(3)(c), the project is subject to the following performance requirements:

1. Obligation of not less than 51 percent of the approved capital expenditure, as documented by a binding construction contract, within eighteen (18) months of the date of this Certificate of Need;
2. Initiation of construction no later than four months after the effective date of the binding construction contract; and
3. Documentation that the approved project has been completed, has been licensed, and has met all legal requirements and is providing the approved services no later than eighteen (18) months after the effective date of the binding construction contract.

Failure to meet these performance requirements will render this Certificate of Need void, subject to the requirements of COMAR 10.24.01.12 F through I.

### **PROPOSED CHANGES TO THE APPROVED PROJECT**

Before making any changes to the facts in the Certificate of Need application and other information provided to the Commission, AGSC must notify the Commission in writing and receive Commission approval of each proposed change, including the obligation of any funds above those approved by the Commission in this Certificate of Need, in accordance with COMAR 10.24.01.17. Pursuant to COMAR 10.24.01.17B(2), the project cannot incur capital cost increases that exceed the approved capital cost inflated by an amount determined by applying the Building Cost Index published on a quarterly basis by IHS Economics in the Healthcare Cost Review unless CSI obtains a modification of this Certificate of Need from the Commission. Instructions for determining the threshold that necessitates Commission review and approval of changes to the capital cost approved in this Certificate of Need are located on the Commission's website at:

[http://mhcc.maryland.gov/mhcc/pages/hcfs/hcfs\\_con/hcfs\\_con.aspx](http://mhcc.maryland.gov/mhcc/pages/hcfs/hcfs_con/hcfs_con.aspx)

### **DESIGN APPROVAL AND FACILITIES LICENSURE BY DHMH**

This Certificate of Need does not constitute a license or replace any approvals required by the Office of Health Care Quality or others within the Maryland Department of Health ("MDH") to construct and operate new space within an existing facility. AGSC must provide MDH with all information it requires for plan approval, facility licensure, and putting into operation renovated space within its existing facility, including information pertaining to project design and specifications.

### **QUARTERLY STATUS REPORTS**

AGSC must submit quarterly status reports on the approved project to the Commission, beginning July 18, 2019, three months from the date of this Certificate of Need, and continuing, at three-month intervals, until the completion of the project.

### **REQUEST FOR FIRST USE REVIEW**

AGSC must request in writing, not less than 60 days but not more than 120 days before the first use of the approved operating room, a first use review from the Commission, specifying the anticipated date of first use and documenting that the project has been substantially completed and will be completed, within 120 days or less, in a manner and at a cost consistent with this Certificate of Need. Commission staff will review the request in consultation, as necessary, with OHCQ, and in accordance with COMAR 10.24.01.18 to determine whether the project conforms with the Certificate of Need. First use approval does not constitute a license or replace any approvals required by OHCQ or others within MDH to operate new space within an existing health care facility. Therefore, AGSC should assure that OHCQ is notified of the imminent completion of the project and should arrange for completion of any inspections and or approvals required by OHCQ

in a timely manner. First use approval remains in effect for 90 days. If first use of the new operating room does not occur within 90 days of approval, AGSC shall reapply for first use approval.

**ACKNOWLEDGEMENT OF RECEIPT OF CERTIFICATE OF NEED**

Acknowledgement of your receipt of this Certificate of Need, stating acceptance of its terms and conditions, is required within thirty (30) days.

**MARYLAND HEALTH CARE COMMISSION**



Ben Steffen  
Executive Director

cc: Patricia T. Nay, M.D., Executive Director, Office of Health Care Quality  
Rebecca Jones, Worcester County Health Department